The Political Consequences of Offshoring

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Other titles: Offshoring and Partisan Preferences in Multi-Party Systems

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Abstract

Firms' increasing possibilities to offshore jobs to other countries have created new risks as well as new opportunities for workers across the world. We analyze the political consequences of this development in advanced capitalist democracies. Building on new developments in trade theory, we argue that low-skilled individuals in easily offshorable occupations face increasing labor market risks, whereas highly educated individuals mainly benefit from the opportunities generated by the increasing possibility to organize production processes internationally. This affects workers' policy and partisan preferences. Since job offshorability increases low-skilled workers' demand for social and economic protection, it increases their propensity to vote for left parties. Among high-skilled workers, higher levels of job offshorability should increase their their tendency to vote for liberal and center parties. In contrast, offshorability should not be an important issue for partisan preferences for right-wing and green parties. We test our argument with individual-level data from multiple waves of the European Social Survey for a sample of 25 countries and find evidence in favor of our hypotheses. This suggests that globalization has the potential to directly affect democratic policymaking in capitalist democracies.

1. Introduction

The globalization of production has had significant consequences for individuals across the world. Although a robust finding in economics research is that the free exchange of goods increases aggregate welfare, an equally robust result is that it creates winners and losers. The effects of these distributional consequences on politics have been extensively studied for free trade (e.g., Beaulieu 2002; Hays 2009; Hays et al. 2005; Hiscox 2002; Mayda and Rodrik 2005; Rogowski 1989; Scheve and Slaughter 2001). In contrast, research so far has paid relatively scant attention to one aspect of the globalization of production that has featured prominently in the public debate in recent years: the phenomenon of offshoring.

Offshoring is defined as "the migration of employment from [one country] to other (mostly poorer) countries" (Blinder 2009: 41). The enormous technological advances of recent decades have increasingly enabled firms to move production abroad, creating competition for workers not only from foreign firms, but also within their own firms. Importantly, offshoring not only affects employees of manufacturing firms, which increasingly build factories in countries with low labor and production costs, but is a phenomenon that now affects many service sector employees (Head et al. 2009; Jensen and Kletzer 2010). Call center assistance, accounting services, or IT support are increasingly provided by individuals located in foreign countries. As a result, many groups of white-collar workers that traditionally have been sheltered from international competition have suddenly become very exposed to global competition, a trend that is likely to intensify in the future (Blinder 2006; Crinò 2009).

The number of workers directly affected by this facet of globalization has thus increased considerably in recent years, and this development has not gone unnoticed by these workers. Although research specifically focusing on the effects of offshoring on individuals' perceptions and policy preferences is relatively rare, those studies that exist suggest that offshoring increases feelings of insecurity and demands for more protection amongst affected workers. In a study focused on Britain, Scheve and Slaughter (2004) show that individuals employed in industrial sectors characterized by high levels of foreign direct investment (FDI) and, by implication, a higher risk of offshoring view their jobs as less secure than individuals employed in sectors where production is purely domestic. Walter (2010) replicates this result for Switzerland and shows that it holds not just for the sectoral concentration in FDI but also for an occupational measure of offshorability. Mansfield and Mutz (2013) argue, in contrast, that in the US, opposition to offshoring is a reflection of a broader worldview that defines people as "us" vs. "them", rather than a reflection of the material consequences of offshoring. Taking a broader perspective, Walter and Maduz (2009) and Walter (2014) investigate cross-national survey data from 16 West European countries and report that low-skilled individuals in potentially offshorable professions not only feel more economically insecure but also have a stronger preference for redistributive policies.

The finding that offshoring has noticeable effects on individual perceptions of insecurity and on individual policy preferences raises the question whether and how the offshoring-trend has the potential to affect national politics in advanced democratic economies. Evidence from

single country-studies suggests that the answer to this question is yes.[1] Most studies focus on the US, where offshoring and outsourcing has been a highly politicized issue (Mankiw and Swagel 2006). Margalit (2011) finds that offshoring-related job losses in the manufacturing sector at the county-level led to significant reductions in electoral support for the incumbent in the 2004 US presidential elections. In a study focused on the US motion picture industry, Chase (2008) demonstrates that offshoring has increased labor-group lobbying for policy measures designed to limit the production of movies abroad by groups threatened by this development. Walter (2010) shows that in Switzerland, individuals threatened by offshoring were more likely to vote for the Social Democratic party than individuals who benefit from this trend. While insightful, these studies leave open some important questions: Does offshoring have an impact on individual voting behavior across a broader set of countries? Do globalization winners and losers actually have distinct partisan preferences? And do the effects of offshoring on individual labor market risks equally affect different party families?

This paper aims to advance our understanding of these questions. Building on existing research that shows that job offshorability affects highly qualified and poorly skilled individuals differently, it argues that the offshoring trend influences the constituencies of different party families unequally. Since highly skilled individuals tend to benefit from the opportunities of offshoring, they should show a greater preference for liberal parties that advocate economic openness and international competition when they work in potentially offshorable occupations. In contrast, labor market risks for low-skilled individuals increase with higher levels of offshorability, so that low-skilled workers in potentially offshorable occupations should vote for the social protection and compensation that left parties, especially social democrats, promise. Offshorability should play a lesser role for centrist parties, because they are not perceived as the most credible proponent of free-market policies. In contrast, it should play no decisive role concerning right-wing and green parties, because the former put immigration issues as a different aspect of globalization into the center of their attention and the latter put more salience on issues other than globalization.

Empirically, this paper utilizes cross-national survey data from 25 advanced European economies over the time period from 2002 to 2010 to examine how the phenomenon of offshoring has affected electoral politics. Our results show that exposure to offshoring-induced risks and opportunities has significant effects on individual voting behavior that vary with an individual's educational background: Individuals with potentially offshorable occupations are more likely to vote for left parties when they have a comparably low level of education and more likely to vote for liberal and center parties when they are well educated. Offshoring risks and opportunities play a much lesser role for the electoral support of right-wing and green parties. Therefore, our findings support recent research that the effects of globali-

[1] This also resonates with existing research on the effects of globalization on electoral politics. Here, several studies find that (openness-induced) job insecurity increases the likelihood that an individual will vote for parties that run on an anti-globalization platform (Mughan et al. 2003; Mughan and Lacy 2002). Although, other authors find that economic internationalization reduces the impact of economic considerations on voting choices altogether (Duch and Stevenson 2008; Fernandez-Albertos 2006; Hellwig 2008; Hellwig and Samuels 2007; Steiner 2010).

zation on electoral politics are heterogeneous, affecting some party families more strongly than others (Burgoon 2012). For the multiparty systems that characterize most European countries this implies that some party families are likely to experience more pressure on the demand side than others or face more difficulties to realign the policy preferences of their constituencies with the demands of special interests and global pressures emanating from general trends of globalization. More generally, our research adds to the small but growing research on the effects of globalization on electoral politics (for an overview see Kayser 2007).

2. Offshoring and the Vote

How does offshoring affect politics? To answer this question, we focus on electoral politics as a particularly salient arena of democratic politics and examine how offshoring affects individuals' voting behavior. Building on research about the individual-level consequences of the increasing possibilities to move the production of goods and services abroad, we show that offshoring creates both winners and losers who are likely to evaluate the consequences of this form of global economic integration quite differently. We then discuss the implications of these distributional consequences of offshoring on voting behavior and develop hypotheses about how the effects of offshoring on vote choice differ among party families.

2.1. The Individual-Level Effects of Offshoring: Risks and Opportunities

Offshoring creates both risks and opportunities. On the negative side, offshoring poses a substantial threat to workers whose jobs have the potential to be substituted by jobs abroad. These workers not only face the risk of losing their jobs altogether, but also see themselves exposed to downward pressure on their wages, even if their jobs are not actually offshored (Grossman and Rossi-Hansberg 2008). As both employment and wages become more volatile, workers exposed to offshoring are therefore likely to experience a higher level of labor market risk (Scheve and Slaughter 2004; Walter 2010). Typically, the jobs most at risk from offshoring have been routine jobs that can easily be provided from anywhere in the world. Low-skilled individuals with potentially offshorable jobs tend to be most exposed to the negative consequences of offshoring, because their jobs are most likely to be moved abroad, because it becomes increasingly difficult for these workers to find a new job in the same occupation if most firms engage in similar offshoring activities, and because offshoring depresses wages for low-skilled individuals (Feenstra and Hanson 1999; Hummels et al. 2014; Walter 2014).

On the positive side, offshoring enhances the profitability of firms and therefore benefits owners, shareholders, and most importantly those employees who continue working in the home location, especially since new foreign activities often also enhance domestic activities in other parts of the firm, such as research, marketing, or distribution (Amiti and Konings 2007; Kasahara and Rodrigue 2008). Moreover, although the phenomenon of offshoring is often thought of in terms of the migration of jobs from rich countries to poor countries, individuals in rich countries also provide services for poor-country firms. For example, some

firms with headquarters in less developed economies have built up technology research centers in advanced economies in which they hire engineers to develop new technologies and products. As a result, individuals providing such services can sell their skills to a wider set of potential employers. This, in turn, is likely to improve job security and wages for these individuals allowing them to benefit from the opportunities offshoring creates. Since the precondition in this case is that these individuals possess skills that are very competitive and sought after internationally, the benefits of offshoring are more likely to accrue to well-educated individuals. Not surprisingly, therefore, offshoring has been found to increase the wages of high-skilled individuals (Hummels et al. 2014).

At the same time most individuals are unaffected by offshoring. Even though they may be exposed to offshoring indirectly as consumers – for example, when calling a call center that turns out to be located in a foreign country – they are not directly affected as labor market participants. Many jobs simply cannot be offshored, because the services they provide require them to be on-site (Blinder 2009). Doctors, teachers, hairdressers, or bus drivers are therefore much more sheltered from offshoring than workers in occupations that provide more impersonal services or general manufactured goods.

Whereas existing studies on the individual-level effects of globalization exposure (e.g., Margalit 2011; Rehm 2009; Scheve and Slaughter 2004) assume that globalization has a uniform effect on all workers, this discussion suggests that this effect is in fact conditional on an individual's skill level. The impact of offshoring on an individual worker's labor market risk perception is thus determined by two factors: First, the degree to which the individual's occupation is potentially offshorable or not, and second, the individual's skill level (see also Walter 2014; Wren and Rehm 2013).

Figure 1: Conditional Effect of Job Offshorability and Skill-Level on Labor Market Risk

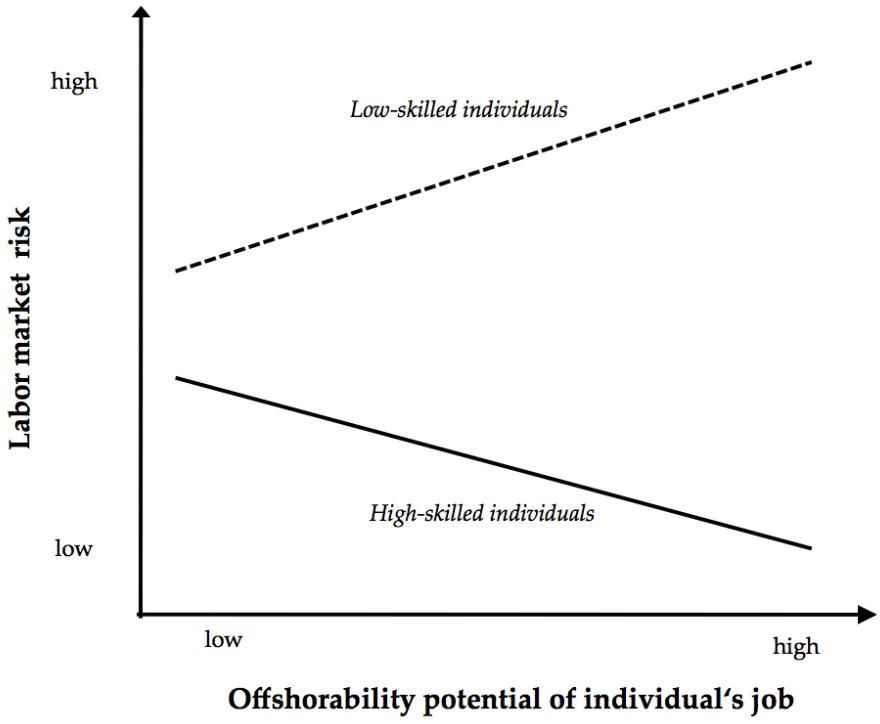

Figure 1 summarizes the effects of offshoring on individual labor market risks across these different groups of workers. It shows that offshoring creates the highest labor market risks for low-skilled individuals working in offshorable occupations (e.g. assembly-line workers). Equally low-skilled individuals working in sheltered occupations (e.g. cleaning personnel) are better off than their counterparts in offshorable occupations, although in today's "knowledge economy" they continue to experience higher labor market risks than high-skilled workers in sheltered occupations (e.g. doctors or teachers). Finally, highly skilled individuals with offshorable occupations (e.g. engineers or business consultants) are the main beneficiaries of the globalization of production.[2] Overall, this suggests that the inequality in labor market risks should be much more pronounced among workers exposed to offshoring than among workers in sheltered occupations.

2.2. Offshoring and Party Preferences

Since the risks and opportunities of offshoring are distributed unequally across different groups of workers, we expect the political responses to offshoring to vary among these groups as well. Much research has argued that individuals' exposure to labor market risks translates into preferences for policies that reduce such risks through encompassing social policies (Cusack et al. 2006; Iversen and Soskice 2001; Moene and Wallerstein 2001; Rehm 2009; Rodrik 1998; Svallfors 1997; Walter 2010). Similarly, individuals benefitting from certain economic developments are likely to support policies that encourage these trends. For example, individuals benefitting from free trade have been shown to oppose protectionist policies (e.g., Beaulieu 2002; Hays et al. 2005; Mayda and Rodrik 2005; Scheve and Slaughter 2001) and to oppose significant income redistribution (Walter 2014; Wren and Rehm 2013). This suggests that the winners and losers from offshoring should equally differ with regard to their policy preferences: Low-skilled individuals with offshorable jobs should have a strong preference for protection from offshoring and financial compensation in the form of welfare state expansion. In contrast, highly skilled individuals, who benefit from offshoring, have a lower need for a state-funded social safety net while simultaneously being among the main contributors to the financing of the welfare state. As a result, we expect these individuals to favor economic liberalization and welfare state retrenchment (or at least no further expansion). Individuals sheltered from offshoring should have more moderate policy preferences than their more exposed counterparts, with low-skilled individuals demanding more protection than high-skilled individuals.

[2] These conjectures are in line with recent developments in trade theory, which imply that globalization may increase inequality between high-and low-skilled individuals (Helpman et al. 2010; Melitz 2003). They also resonate with recent research in comparative political economy, which has argued that individual risk perceptions and policy preferences are shaped much more by occupational labor market risks than sector-specific risks, because costly investments in training and specialization in specific skills typically make it much more difficult for individuals to change their occupation than to change their industry of employment (Cusack et al. 2006; Iversen and Soskice 2001; Rehm 2009; Schwander and Häusermann 2013).

Of course, policy preferences can only have an actual political impact if they are brought into the political arena. In democratic countries, the most straightforward strategy for communicating individual policy preferences in a politically influential manner is to support and vote for those political parties most likely to advocate their issues in the political arena. A large body of research has shown that political parties vary with regard to the policies they champion in response to globalization (Adams et al. 2009; Boix 1998; Burgoon 2012; Garrett 1998; Haupt 2010; Kriesi et al. 2006).[3] We therefore expect that offshoring systematically affects partisan preferences as well and that high- and low-skilled individuals exposed to offshoring should favor different types of political parties. We expect the most pronounced difference in partisan preferences for parties located at the two ends of the state-market-divide of partisan competition, because these parties traditionally advocate policies that are of particular relevance for either the losers or the winners of the offshoring trend. In contrast, offshoring should have less of an effect on center and no effect on right-wing and green parties.

Left parties should be particularly attractive for low-skilled workers threatened by offshoring because they advocate welfare state expansion, income redistribution from the rich to the poor, and other policies that protect vulnerable workers from labor market risks (Benoit and Laver 2006; Schmidt 2010). For example, social democratic and socialist governments have been found to engage in more social spending (Hicks and Swank 1992; Schmidt 1996) and to offer more generous social insurance benefits (Allan and Scruggs 2004; Korpi and Palme 2003). As a result, workers with lower incomes and higher labor market risks have been consistently found to be among the main constituency of these parties.[4] Offshoring raises labor market risks and depresses wages for low-skilled workers. We therefore expect these individuals to exhibit a higher propensity to vote for welfare-state parties than other voters. In contrast, since left parties advocate higher taxes and income redistribution, which may also reduce international competitiveness (Alesina and Perotti 1997), their policies conflict with the material interest of individuals benefitted by offshoring. Consequently, we expect high-skilled individuals in offshorable occupations to be least likely to vote for these parties. Although low-skilled individuals should consistently exhibit a higher propensity to vote for left parties than high-skilled individuals, we expect that this difference between high- and low-skilled individuals should become much more pronounced when individuals work in occupations with a high offshoring potential.

In contrast, we expect that high-skilled workers in offshorable occupations prefer ***liberal parties***. Although the parties in this category may differ with regard to their position on other policy dimensions, they share common grounds with regard to economic and social policies. Liberal parties tend to be skeptical vis-à-vis government intervention in the economy, actively advocate free market policies including a further opening of the economy, and promote lower levels of taxation (Benoit and Laver 2006; Schmidt 2010). Not surprisingly, liberal

[3] Note that other researchers argue that globalization constrains governments' room to maneuver in economic policymaking (e.g., Hellwig 2007; Ross 2000; Steiner and Martin 2012). If this argument holds, offshorability should not influence voting behavior.

[4] This is particularly true for labor market insiders (Rueda 2005).

governments have been found to be associated with to lower social spending and a less generous provision of social rights (Allan and Scruggs 2004; Hicks and Swank 1992; Schmidt 1996). These parties therefore especially appeal to high-skilled individuals in offshorable occupations. Not only do these individuals know that they will in all likelihood be net payers into the welfare system, because they are voters with high incomes and low labor-market risks, but they are also likely to suffer from the competitiveness-reducing effect of a large welfare state (Wren and Rehm 2013). In contrast, low-skilled voters, especially those in highly offshorable occupations, should exhibit a much lower propensity to vote for liberal parties. As before, we expect the difference in the voting propensity for liberal parties to increase the more exposed individuals are to offshoring.

We expect offshorability to also play a role for ***centrist parties*** – conservative and Christian democratic – although to a smaller degree than for liberal parties. These parties tend to advocate policies that can be located somewhat to the right of the center of the left-right dimension. They typically promote some free market policies embedded in a resilient welfare state system (Schmidt 2010). Overall, they are, hence, more likely to appeal to the beneficiaries of offshoring than to the losers so that we expect effects similar to liberal parties.

In contrast to these three party families, we do not expect offshoring to be an important issue for right-wing or green parties. The effect of offshorability on partisan preferences for ***right-wing parties*** is theoretically ambiguous. Right-wing populist parties are by no means proponents of welfare state retrenchment. Rather, they favor protectionist trade policies and social protection that benefits nationals only (Schmidt 2010). For this reason, previous studies have argued that right-wing populist parties particularly appeal to modernization and globalization losers (Betz 1993; Kriesi et al. 2006; Spies 2013). At the same time, it is likely that right-wing parties appeal to low-skilled workers across the board, especially because low-skilled workers who are sheltered from offshoring pressures face alternative labor market risks in the form of labor market competition by low-skilled immigrants and are, hence, equally threatened by both the globalization of production and the globalization of labor (Burgoon et al. 2012; Dancygier and Walter forthcoming). This implies that low-skilled individuals should in general be more likely to vote for rightist parties than high-skilled individuals, with no additional effect of offshoring. High-skilled voters are expected to be much less likely to vote for rightist parties across the board. Although those in offshorable positions should oppose these parties for material reasons because they benefit from free market policies and immigration, those in sheltered occupations tend to be socio-cultural professionals who tend to be opposed to these parties on ideological grounds (Oesch 2008).

Green parties, in contrast, share an emphasis on environmental protection and are less concerned about and less homogenous with regard to questions regarding the welfare state and free market policies (Benoit and Laver 2006). As "the" post-material party family, we expect the material interests of individuals affected by offshoring to play a negligible role in explaining partisan preferences for green parties. But we expect high-skilled individuals across the board to be more likely to vote for these parties than low-skilled individuals.

Table 1: Expected Effect of Offshorability on Party Preferences, Conditional on Skill-Level

	Left	Liberal	Center	Right-Wing	Green
Low-skilled individuals	+ +	− −	−	0	0
High-skilled individual	− −	+ +	+	0	0

Table 1 summarizes our expectations about the effect of offshoring on partisan preferences. We expect the increasing prevalence of offshoring to have noticeable effects on party politics for some political parties, but not for others. The effects should be strongest for left and liberal parties, because these parties can easily be differentiated with regard to their social and economic policy positions. They therefore serve as natural agents for losers and winners of the offshoring trend by advocating policies that cater to their specific interests. Low-skilled (high-skilled) individuals in offshorable occupations are therefore expected to be most (least) likely to vote for left parties and least (most) likely to vote for liberal parties. We expect a weaker effect similar to the one for liberal parties for centrist parties and no effect for right-wing and green parties. All in all, rather than a simple backlash against incumbent policy-makers (Margalit 2011), we expect more definable partisan effects of globalization-induced risks and opportunities. The remainder of this paper tests these predictions.

3. Research Design

To test our argument about how offshoring affects individual voting behavior, we use survey data from five consecutive waves of the European Social Survey (ESS) conducted between 2002 and 2010 in 25 European countries.[5] This set of countries is especially useful, because it represents developed capitalist democracies with established multi-party systems, which allows us to test our argument about differentiated partisan effects beyond the literature's traditional focus on left or conservative parties only (e.g., Burgoon 2012; Walter 2010). We focus on working-age respondents since globalization-induced labor market risks should be most prevalent concerning this section of the population.[6]

3.1. Dependent Variable: Individual Party Preferences

We measure individual partisan preferences by coding their preference for different party families. The variable is based on a survey question that asks respondents which party they voted for in the last election.[7] For robustness, we additionally use information about re-

[5] Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom. Table A1 summarizes the survey coverage for each country and ESS round.

[6] Results are robust to including retirees.

[7] Table A2 in the appendix provides detailed information about the operationalization of all variables and descriptive statistics.

spondents' current closeness to a political party ("*Is there a particular political party you feel closer to than all the other parties?").* Since the answer categories for both questions list the respective national, we categorize all parties into cross-nationally comparable party families, distinguishing between the five different party families discussed above:[8] left, liberal, right-wing, center[9], and green parties. We then empirically identify the party family of each political party in each country covered in each round by the ESS based on the dataset about the composition of governments in OECD-countries by Schmidt (2012) and the Manifesto Project Database (Volkens et al. 2013) and create five dummy variables recording whether a respondent voted for or feels close to each party family.[10] We proceed as follows: First, we classify the party family of the respondent's vote choice separately for both databases. Second, we merge these classifications in accordance with the following rules: If both databases report the same party family for a single party, we classify the latter accordingly. If one database codes a party as a member of one of our five party families and the other database codes it as a residual party family or provides no information, we classify the party in line with the information-providing database. If both databases provide no information at all, we code the party as missing. If the two databases disagree about the specific party family, we gathered more data (e.g. the membership of a party in a political group in the European Parliament) to classify this party accurately. This adjustment is the case in about 2 percent of all answers.[11]

3.2. Independent Variables: Exposure to Offshoring and Skill-Level

Our argument suggests that offshoring affects individual partisan preferences, but that the effect differs between low-skilled individuals, for whom the risks of offshoring outweigh the benefits, and high-skilled individuals, for whom offshoring predominantly opens new perspectives and opportunities. These considerations suggest three key independent variables: One variable measuring respondents' exposure to offshoring, one measuring individuals' skill-level, and lastly, an interaction term between these variables, in order to address the conditional effect of both.

Exposure to Offshoring. As discussed above, not all workers are equally exposed to the offshoring trend that has affected most advanced economies. Rather, jobs differ with regard to the degree to which they can be offshored, i.e., substituted by jobs abroad. To measure respondents' occupational offshorability, we use information about respondents' occupation contained in the ESS in the form of ISCO-codes and match these with information from the offshorability-index developed by Blinder (2009). This ordinal index measures a job's potential to be moved abroad, i.e. whether the service the job provides can theoretically be delivered over long distances with little or no degradation in quality for more than 800 occupa-

[8] Table A3 provides information concerning the categorization of both classifications. Parties that could not be attributed to one of these five party families are included in a residual category.
[9] Results are robust to analyzing Christian democratic and conservative parties as separately.
[10] Figure A1 in the appendix shows the distribution of party preferences for each of the 25 countries.
[11] Because right-wing populist parties are small in most countries, we additionally cross-check our classification with the list of right-wing populist parties provided by Mudde (2007).

tional categories.[12] Blinder ranks each occupation's offshorability potential on an ordinal 4-point scale ranging from no offshoring-potential to high offshoring potential according to the following criteria: If workers are required to be at a specific work location in their country in order to perform their task, they are considered to have a highly non-offshorable occupation (category 1). If the criterion of workplace-specificity is not fulfilled, the second criterion determines whether a worker has to be physically close to his or her work unit. If not, the occupation falls into the category of highly offshorable occupations (category 4). The remaining occupations are then classified into the two middle categories of intermediate offshorability. If the entire work unit has to be in the same country, the occupation is coded as somewhat offshorable (category 2), and as offshorable (category 3) otherwise. All professions not listed by Blinder are coded as not offshorable. Because Blinder cautions that these categories cannot necessarily be interpreted as an ordinal scale, we construct a simple binary index differentiating between potentially offshorable (categories 2, 3, and 4) and non-offshorable (category 1) occupations.[13] This measure of globalization exposure allows us to assess individual exposure to offshoring risks on an occupational basis. The proportion of respondents in offshorable occupations varies between 24.7% in Estonia and 47.7% in France.[14]

Skill-Level. The operationalization of individuals' skill-levels is based on the respondents' educational background. We use the total number of years during which a respondent has been in full-time education. Of course, individuals can also dispose of skills acquired through on-the-job-training and individuals with low levels of education can also deliver high-quality work, but empirical research has shown that higher educational achievement is positively related to higher occupational skills and higher levels of productivity (Jones 2001; Spitz-Oener 2006). Education years therefore serve as a proxy for individual skill-levels. The total number of education years is limited to 25.[15] As a robustness check, we additionally use information on the highest level of education a respondent has achieved. The answers are standardized into the ISCED-classification of education levels. We slightly adapted the 7-point ISCED-classification by combining several categories, in part because of some data limitations in the ESS and in one case because of a highly asymmetrical frequency distribution (ISCED categories 3 and 4). This leaves us with 4 different categories.[16]

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[12] For detailed information on applying the index to the ESS survey data see Walter and Maduz (2009).

[13] Results are robust to using the ordinal and a metric measure of offshorability, that further differentiates the offshorability of different occupations (Blinder 2009). Unfortunately, the metric measure is less well documented.

[14] Figure A2 in the appendix provides more detailed information about the distribution of the job offshorability potential by country.

[15] A total amount of more than 25 years of education can either be a qualification level of post-doctoral studies or a false declaration. In the first case, one can plausibly assume that the marginal effect of the additional skills on productivity in this stage of education is very small. In the second case, implausible and extreme values are eliminated. Therefore, higher values are recoded to the maximum of 25 years. Figure A3 provides descriptive information of this variable.

[16] Table A4 and figure A4 in the appendix provide further information.

Conditional Effect: Offshoring Exposure x Skill-Level. To capture the conditional effect of individual exposure to offshoring and how it varies with an individual's skill-level, we use an interaction term between the former and the latter.[17] Our argument makes clear predictions about the nature of this interaction term. Since the offshoring-trend creates more labor market risks for low-skilled individuals, this group of voters should be particularly likely to vote for political parties that aim to protect vulnerable social groups, i.e. left parties, whereas highly skilled individuals should prefer political parties that strive for more economic openness and market-liberal policies, especially liberal parties. For left parties, our argument consequently predicts a negative and statistically significant interaction term, whereas it should be positive and statistically significant in the cases of liberal and, to a lesser extent, centrist parties. For right-wing parties, we expect that low-skilled workers should be significantly more likely to vote for these parties, but that offshorability does not exert a statistically significant effect. Finally, we also do not expect a statistically significant direct or conditional effect of offshorability for green parties.

3.3. Control Variables

We consider a number of variables that control for alternative explanations of individual voting behavior. On the micro-level we follow the previous literature (e.g., Margalit 2011; Mughan et al. 2003; Mughan and Lacy 2002; Rydgren 2008; Walter 2010) and include the respondent's income, age, gender, whether he or she is unemployed, member of a trade union, self-employed, ever had a work contract of limited duration, or lives in an urban area.[18] The respondent's income is provided by the ESS through a self-assessment and self-classification into one of twelve income classes. To provide cross-national comparability we recode this variable insofar as it represents the deviation of the respondent's income-class from the country-specific median income-class. We include age in years and a squared age term to capture the possibility that age has a curvilinear effect. The remaining individual-level variables are coded as dummy variables.

We also include macro-level variables to control for the different national contexts in which respondents took their voting decision. First we include the effective number of electoral parties (Bormann and Golder 2013) to account for the fact that party vote shares vary with the number of parties running in an election. In addition, we include two standard macro-level variables from the economic voting literature (e.g., Jordahl 2006; Lewis-Beck and Stegmaier 2000) in order to capture the globalization-induced economic volatility of the country: Openness to international trade and the unemployment rate. All these variables are measured separately for each country in each ESS round and have, to this effect, no variation across individuals in a given country at a given point in time.

[17] For general information how to use and interpret interaction terms, see Ai and Norton (2003), Berry et al. (2010), Brambor et al. (2006), and Braumoeller (2004).

[18] Additionally controlling for skill specificity (Iversen and Soskice 2001; Rehm 2009) or religiosity (Arzheimer and Carter 2009) does not alter the results.

3.4. Method

We perform our analyses on a pooled dataset containing roughly 65000 respondents, 25 countries and 5 points in time. Our preferred model specifications are random effects multilevel probit models with individuals nested within countries that estimate the conditional effect of skill-level and offshoring exposure on respondents' vote choice for each type of political party. The use of this model allows us to account for the fact that respondents from the same country share a common context and are, thus, not necessarily independent from each other (Hox 2010; Rabe-Hesketh and Skrondal 2008; Steenbergen and Jones 2002). The disadvantage of this model choice is that it does not allow us to model the choice between different political parties simultaneously. As a robustness check, we therefore also use a multinomial model with country dummies and clustered standard errors (Long and Freese 2006). We also conduct a series of further robustness checks concerning different measures of skills and offshorability, restricting the sample size to those individuals who are either in paid work or actively looking for a job, using current closeness to a political party instead of voting behavior as an indicator of party preferences, and excluding the macro-level control variables. The results shown below are generally robust to these changes.

4. Empirical Findings

Does offshoring affect politics through a direct and significant effect on individuals' electoral choices? The results presented in table 2 indicate that job offshorability is associated with changing voting behavior of individual voters and that this effect is conditional on individual skills. Voters seem to take their material interests into account when making electoral choices: Offshoring losers, i.e. low-skilled individuals in offshorable occupations, vote for different political parties than offshoring winners, i.e. high-skilled individuals with potentially offshorable jobs. But, this is only the case for parties that strongly advocate economic and social policies targeted towards compensating the losers or benefitting the winners of the offshoring trend; i.e., left and liberal parties. The results also suggest that the offshoring trend does not affect all party families equally. Voting behavior for green and right-wing parties in particular does not differ among people in offshorable and sheltered occupations.

4.1. Offshoring and Preferences for Left Parties

Our argument suggests that left parties should be particularly attractive for low-skilled workers exposed to the risks associated with the offshoring of production, and particularly unattractive for high-skilled workers in offshorable occupations. The results of the analysis presented in table 2 support these hypotheses. As expected, low-skilled individuals are always more likely to vote for left parties than high-skilled individuals, a robust and statistically significant finding. And this effect is highest for those low-skilled workers in offshorable

occupations. However, the negative and statistically significant interaction term suggests that this positive effect of offshorability declines the better educated an individual is.[19]

Table 2: Determinants of Individual Party Preferences

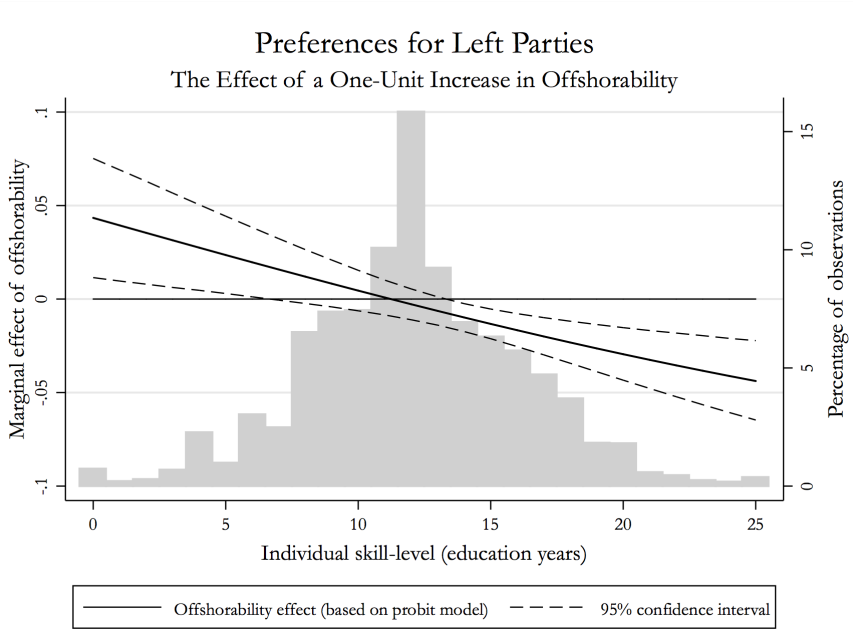
	Left	Liberal	Center	Right-Wing	Green
Education in years	-0.008***	0.019***	-0.004**	-0.062***	0.064***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Offshorability	0.112***	-0.033	-0.032	0.012	0.049
	(0.04)	(0.06)	(0.04)	(0.08)	(0.08)
Education x Offshorability	-0.010***	0.007*	0.005*	-0.005	-0.006
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
Income	-0.025***	0.037***	0.030***	-0.028***	-0.038***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.034***	-0.009	-0.026**	-0.230***	0.212***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)
Union member	0.293***	-0.131***	-0.214***	-0.047**	0.029
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Unemployed	0.092***	-0.083**	-0.105***	0.114***	-0.012
	(0.02)	(0.03)	(0.02)	(0.04)	(0.04)
Self-employed	-0.308***	0.156***	0.196***	-0.060*	-0.004
	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)
Outsider	0.014	-0.013	-0.060***	-0.016	0.132***
	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)
Age in years	0.018***	-0.012***	-0.009***	-0.003	0.009*
	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
Age squared	-0.000***	0.000***	0.000***	-0.000	-0.000***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Urban area	0.088***	0.026*	-0.174***	-0.042*	0.239***
	(0.01)	(0.02)	(0.01)	(0.02)	(0.02)
Effective # of parties	-0.068***	0.092***	-0.018	-0.003	0.057**
	(0.01)	(0.02)	(0.01)	(0.02)	(0.03)
Trade openness	-0.005***	-0.015***	0.005***	0.023***	0.006**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Unemployment rate	0.047***	-0.031***	-0.034***	0.065***	-0.018**
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)
# of respondents	64895	64895	64895	64895	64895
# of countries	25	25	25	25	25
R^2 (McKelvey/Zavoina)	0.108	0.093	0.069	0.215	0.075
Prob > Chi^2	0.000	0.000	0.000	0.000	0.000
BIC	80155.97	40583.98	78418.92	21043.48	24999.67
Log likelihood	-39961.64	-20175.65	-39093.11	-10405.39	-12383.49

Multilevel probit estimates with standard errors in parentheses.
Levels of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

[19] Calculating this model without the interaction term yields that offshorability has a direct negative effect on left party preferences, which is statistically significant at the 10% level. But, including the interaction term between education years and offshorability improves the model fit according to the BIC, thereby supporting our theoretical argument.

To facilitate the interpretation of the interaction term, figure 2 plots the marginal effect of offshorability on partisan preferences for a left party at different skill levels.[20] At low skill-levels offshorability has a statistically significant positive effect but becomes statistically insignificant at intermediate levels of education (7 to 13 years). Offshorability is associated with a lower likelihood of voting for left parties for everyone who enjoyed more than 13 years of full-time education. To give an impression about the substantial effect, we calculate the first difference in predicted probabilities between high- and low-skilled respondents[21] separately for both values of offshorability holding all other variables at their median and use this information to calculate the percentage increase (or decrease) in the vote gap between these groups (see table 3). The gap in predicted probabilities of voting for a left party between low- and high-skilled respondents is 4.31 percentage points for respondents in non-offshorable occupations. Amounting to 9.34 percentage points for individuals in offshorable occupations, this vote gap more than doubles among individuals exposed to the offshoring trend. This increase in the vote gap supports our theoretical expectation that the effect of offshorability on left party preferences is conditional on individual skills.[22]

Figure 2: Offshorability and Left Party Preferences



The results of the control variables are broadly in line with our expectations. Women, union members, unemployed respondents, older people, and respondents living in urban areas are more likely to vote for left parties. The aging-effect diminishes as suggested by the squared term. In contrast, respondents with higher income and those self-employed are less likely to

[20] We interpret the effect of the interaction term via marginal effects plots because the size and statistical significance of all interaction terms are calculated at the respective minimums of the constitutive terms. Both can vary when applying non-linear models (Ai and Norton 2003).

[21] We use 5 and 19 education years respectively, because they represent the 5th and 95th percentile.

[22] According to the models reported in table A5, the results are robust to other specifications.

vote for left parties. In line with arguments that left parties mainly implement policies benefitting labor market insiders (Rueda 2005), the coefficient for outsiders in not statistically significant. Not surprisingly, a higher number of effective parties on the national level depresses the vote share left parties receive. Since left parties are present in all 25 countries, a higher number of parties implies more alternatives to the traditionally strong left parties. Somewhat surprising is the negative effect of trade openness. Unsurprising is the positive and significant effect of the unemployment rate.

Table 3: Vote Gap between Low- and High-Skilled Individuals

	Vote gap – non-offshorable	**Vote gap – offshorable**	**Vote gap – change (percentage points)**	**Vote gap – change (in %)**
Left	4.31	9.34	5.03	116.87
Liberal	-3.16	-4.63	-1.47	46.49
Center	2.36	-0.34	-2.70	-114.54
Right-Wing	1.94	1.91	-0.03	-1.51
Green	-1.09	-0.90	0.20	-18.06

4.2. Offshoring and Preferences for Liberal Parties

The analysis of the determinants of the left vote showed that low-skilled individuals exposed to offshoring risks are particularly likely to vote for left parties as the traditional advocates of welfare state expansion and redistribution, whereas high-skilled individuals in offshorable jobs are least likely to vote for these parties. Our argument suggests that this latter group should instead vote for liberal parties as advocates of free-market policies and minimal government intervention in the economy, whereas liberal parties should be least attractive to losers of offshoring. Our results show support for this line of reasoning: more educated individuals are significantly more likely to vote for liberal parties, and this effect increases further when respondents work in potentially offshorable occupations. Somewhat unexpectedly, offshorability does not have a direct effect on liberal party preferences among low skilled-individuals, possibly reflecting the fact that these parties are unattractive to less privileged voters in general.

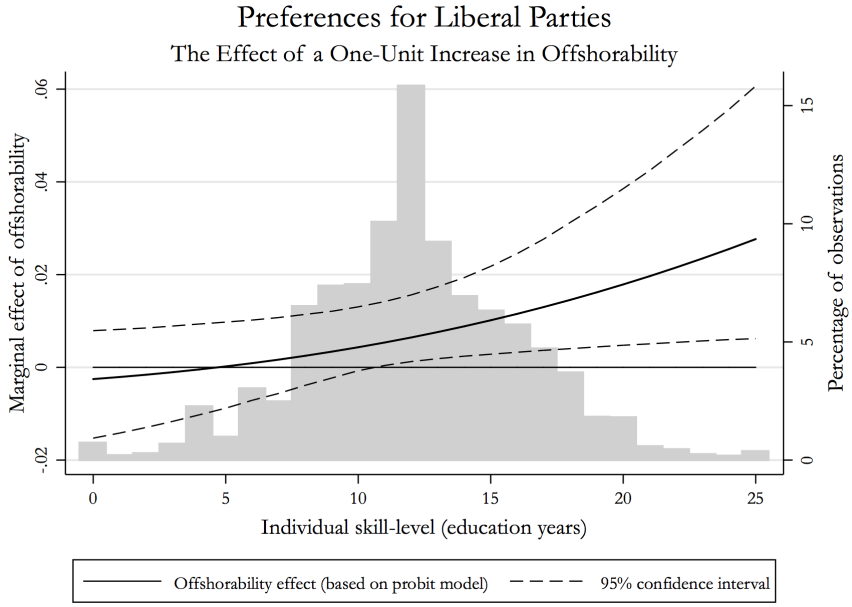
Figure 3 shows that offshorability increases the propensity to vote for a liberal party for all individuals with at least twelve years of education.[23] This conditional effect is also reflected in the predicted probabilities. The vote gap between low- and high-skilled respondents decreases by about half from -3.16 percentage points among respondents in sheltered to -4.63 percentage points among respondents in exposed occupations.[24] Furthermore, we test the

[23] Interestingly, offshorability also seems to have a strong direct effect on preferences for liberal parties. In models without the interaction term, offshorability is positive and statistically significant at the 1% level. This could implicate that individuals who are more exposed to globalization vote for market-liberal parties, regardless how well-educated they are, which is inconsistent with our hypothesis. But the BIC indicates that the interaction model fits the data better.

[24] The results are all in all robust to various model specifications such as including education levels instead of education years, substituting our binary offshorability measure by metric or ordinal offshore measures, leaving out the macro-level controls, or using a multinomial model (see table A5).

difference in the effects of offshorability, skills, and the interaction term between left and liberal parties with the help of a multinomial model (see table A6). Left parties constitute the baseline category; therefore all effects indicate differences from left parties. Regarding liberal parties, we observe a statistically significant positive effect of skills implying that high-skilled individuals are more likely to vote for liberal parties than for left parties. Offshorability makes no difference in the choice between liberal and left parties if the skill-level is low. Most importantly, the interaction term is positive and statistically significant. This means in substantial terms: High-skilled individuals are more likely to vote for liberal parties than for left parties if their job is potentially offshorable. The results for the individual control variables are in line with our expectations. On the macro-level, a higher number of electoral parties increases the likelihood for liberal party preferences, because a higher number of parties increases the chances that there is an established liberal party. Both trade openness a unemployment rate decrease the propensity to vote for liberal parties significantly.

Figure 3: Offshorability and Liberal Party Preferences



Summing up, our findings support the hypothesis that high-skilled individuals exposed to offshoring prefer liberal parties, which can be expected to favor policies strengthening free markets and international competition. Somewhat less expected, offshorability does not make much of a difference for low-skilled individuals, who are less likely to vote for liberal parties across the board.

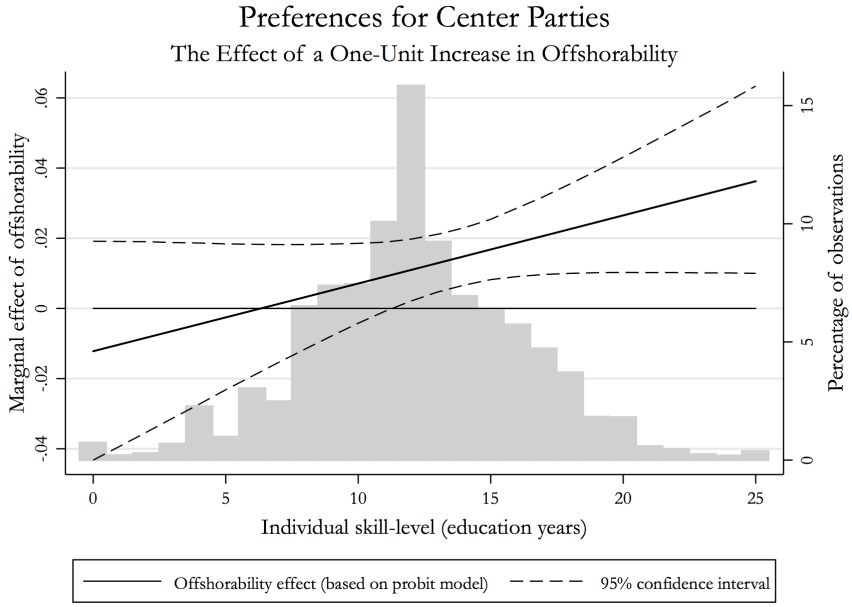
4.3. Offshoring and Preferences for Center Parties

For centrist parties we expect to find similar, but possibly weaker, effects of offshoring as for liberal parties. Although generally right-of-center, both conservative and Christian demo-

Results are somewhat less stable when the sample is reduced to active labor market participants only or when current closeness to liberal parties is used as the dependent variable.

cratic parties neither tend to strongly push for further liberalization measures nor propose major cuts in compensation policies. The results support this expectation. Similar to liberal parties, offshorability has no effect on the voting propensity of low-skilled individuals for centrist parties, but significantly increases this propensity for highly skilled individuals. In addition, the interaction term reaches statistical significance, although the confidence band of the marginal effect in figure 5 is quite broad.[25] All individual-level control variables show similar effects compared to liberal parties, with the exception of the outsider status. In line with (Rueda 2005), being a labor market outsider significantly reduces the likelihood for center party preferences. Results generally are less robust to alternative specifications compared with liberal parties. Overall, this leads us to conclude that offshoring has a similar, though less stable, effect on people's preferences for center parties compared with people's preferences for liberal parties. All in all, high-skilled individuals have a higher propensity to vote for center parties if they are exposed to globalization.

Figure 5: Offshorability and Center Party Preferences



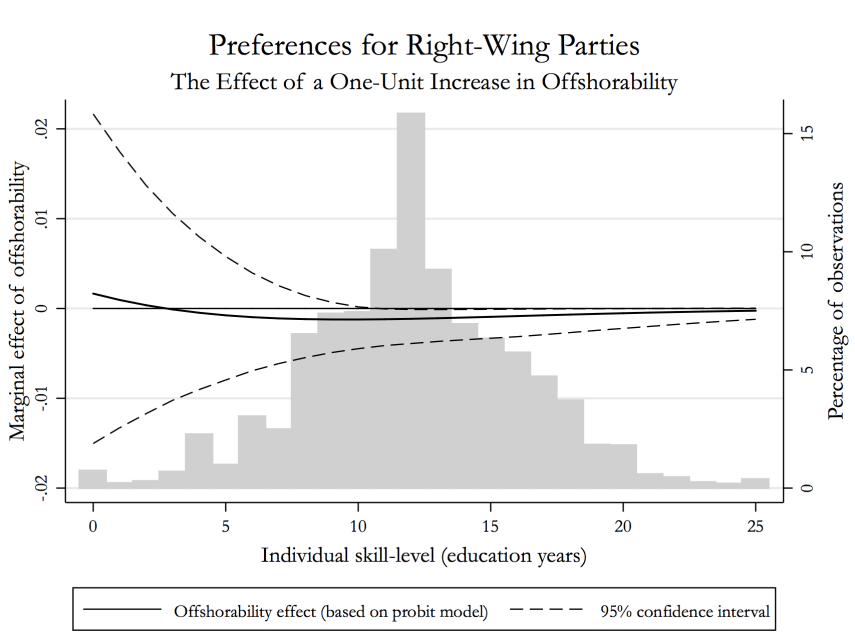
4.4. Offshoring and Preferences for Right-Wing Parties

In contrast to the three party families examined so far, we do not expect systematic differences with respect to offshoring possibilities for right-wing parties, although we do expect that more education is associated with a significantly lower propensity to vote for these parties. The results presented in table 2 support these expectations. Skills are indeed negatively correlated with right-wing partisan preferences, a robust and statistically significant finding. In contrast, offshorability and the interaction term do not reach statistical significance. Figure 4 shows that across all skill-levels, offshorability has no consistent substantive marginal ef-

[25] Nevertheless, the BIC indicates that the interaction model fits the data better than a model without the interaction term.

fect on voting propensities, even if it turns statistically significant at higher levels of skills. The vote gap between high- and low-skilled individuals is almost identical for individuals working in non-offshorable occupations (1.94 percentage points) and those working in offshorable occupations (1.91 percentage points).

Figure 4: Offshorability and Right-Wing Party Preferences



In terms of control variables the most interesting results are located at the macro-level. First, the effective number of electoral parties does not seem to affect the voting propensity for right-wing parties. In addition, we find that right-wing parties seem to be more popular in countries with a higher unemployment rate.

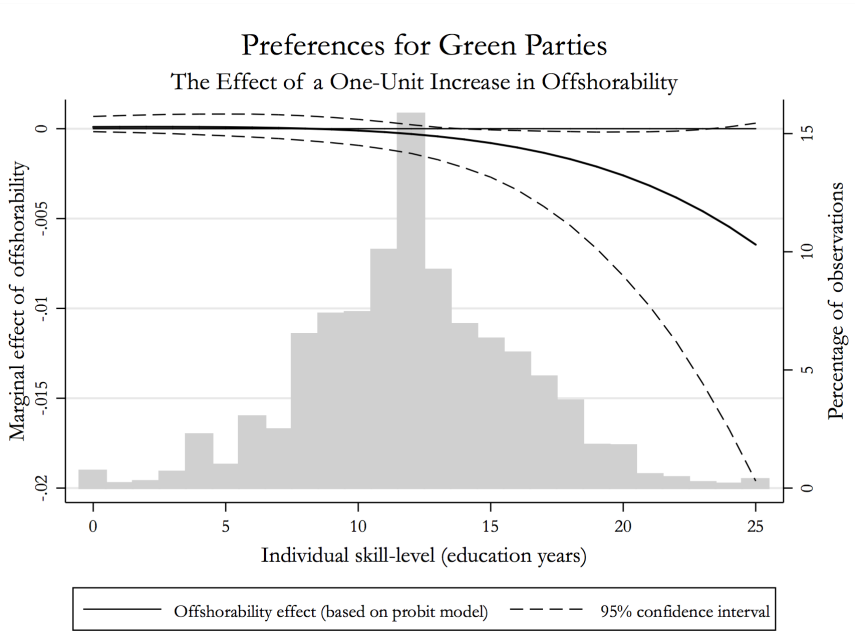
All in all, our findings show that offshoring does not increase the popularity of right-wing parties, contrary to arguments that these parties specifically cater towards globalization losers. However, considering that low-skilled individuals as a group tend to be losers of globalization in more general terms that comprise the globalization of production, labor, and culture, our findings support this argument. In terms of the narrow effects of offshoring, however, our results suggest that losers as well as winners of the globalization of production turn to left and liberal parties respectively instead of right-wing parties.

4.5. Offshoring and Preferences for Green Parties

As a party family firmly focused on post-material issues, we equally expect no effect of offshorability on individual preferences for green parties. The results reported in table 2 support this notion. Offshorability is not associated in a statistically or substantially significant manner with a higher or lower propensity to vote for green parties at almost any skill-level (figure 6), and this result is highly robust. As expected, we do find a strong educational effect: green parties are especially popular with well-educated voters. Furthermore, the percentage change of the first differences in the vote gap between low- and high-skilled indi-

viduals is with 18% compared to left, liberal, and centrist parties rather small. All in all, these findings suggest that offshoring does not play a major role in shaping individuals' preferences towards green parties.

Figure 6: Offshorability and Green Party Preferences



5. Conclusion

What are the political consequences of offshoring? Does it affect electoral politics in a broader set of countries? And if yes, do the consequences of offshoring on individual labor market risks play an equally important role for every party family? Our paper has set out to answer these questions. Whereas most existing studies assume that globalization pressures affect all individuals in a similar way, we build on research in economics that globalization in general, and offshoring in particular, creates both winners and losers. Whereas high-skilled workers benefit from the opportunities created by the increasing possibilities to offshore parts of the production chain, low-skilled workers are predominantly confronted with the risks associated with this development. This leads to diverging effects of offshoring on partisan preferences. Left parties are particularly attractive to low-skilled individuals working in offshorable occupations, because these parties advocate a large welfare state and income redistribution. For offshoring winners, in contrast, liberal parties have the highest appeal, followed by centrist parties. We also argue that offshoring does not play a role for all party families. Radical right-wing parties and green parties should not be affected by this development.

We tested our argument by examining the determinants of individual vote choices in 25 European countries and five waves between the years 2002 and 2010. Our analysis showed that the offshoring-potential of an individual's job has a significant influence on vote choices for

some individuals and some political parties. Most affected by the offshoring trend are left parties, who are particularly attractive for low-skilled workers in exposed occupations, whereas offshorability reduces the voting propensity for left parties among high-skilled workers, who turn to liberal and centrist parties instead. Partisan preferences for right-wing and green parties, in contrast, are not affected by voters' job offshorability.

Our findings contribute to two ongoing debates in political science. One is the debate about the influence of globalization on individual voting behavior. Whereas several authors argue that globalization has reduced the importance of economic issues on vote choice (Hellwig 2007, 2008; Hellwig and Samuels 2007), our results suggest the contrary, because both globalization losers and winners are quite aware of the specific economic and social policy packages different parties offer and vote accordingly. Our paper also contributes to the debate about the influence of globalization on party competition. Here, researchers have lamented the lack of attention to how the effects of globalization on public opinion indirectly affect party competition (Ward et al. 2011) and have emphasized the need for further research on globalization's impact on political parties, particularly on parties of the center and right (Adams et al. 2009).

Our analysis advances insights on both counts. It shows that offshoring does indeed affect individual voting behavior, although its impact strongly varies across party families. As expected, the globalization of production increases the appeal of left parties to low-skilled voters, but decreases it for high-skilled voters. Moreover, it makes liberal and centrist party more attractive to high-skilled workers. At the same time, offshoring has no effect on parties predominantly engaged in issues that are not directly relevant for individuals exposed to the possibility to move jobs abroad. As such, offshoring is most relevant for the parties that are perceived as the traditional advocates of globalization winners or globalization losers and should, therefore, affect party competition. Because our analysis goes beyond the classic left-right divide, our findings are particularly relevant for the majority of countries characterized by multiparty systems. Overall, our results suggest that globalization has the potential to constitute partisan preferences and to directly affect policymaking in capitalist democracies.

Appendix

Table A1: Number of Respondents by Country and ESS Round

Country	Round 1: 2002	Round 2: 2004	Round 3: 2006	Round 4: 2008	Round 5: 2010	Sum
Austria	2257	2256	2405	0	0	6918
Belgium	1899	1778	1798	1760	1704	8939
Czech Republic	1360	3026	0	2018	2386	8790
Denmark	1506	1487	1505	1610	1576	7684
Estonia	0	1989	1517	1661	1793	6960
Finland	2000	2022	1896	2195	1878	9991
France	1503	1806	1986	2073	1728	9096
Germany	2919	2870	2916	2751	3031	14487
Greece	2566	2406	0	2072	2715	9759
Hungary	1685	1498	1518	1544	1561	7806
Iceland	0	579	0	0	0	579
Ireland	2046	2286	1800	1764	2576	10472
Israel	2499	0	0	2490	2294	7283
Italy	1207	1529	0	0	0	2736
Luxembourg	1552	1635	0	0	0	3187
Netherlands	2364	1881	1889	1778	1829	9741
Norway	2036	1760	1750	1549	1548	8643
Poland	2110	1716	1721	1619	1751	8917
Portugal	1511	2052	2222	2367	2150	10302
Slovak Republic	0	1512	1766	1810	1856	6944
Slovenia	1519	1442	1476	1286	1403	7126
Spain	1729	1663	1876	1576	1885	9729
Sweden	1999	1948	1927	1830	1497	9201
Switzerland	2040	2141	1804	1819	1506	9310
United Kingdom	2052	1897	2394	2352	2422	11117
Sum	42359	45179	36166	40924	41089	205717

Table A2: Operationalization of Key Variables and Summary Statistics

	Operationalization	N	Mean	Sd.	Min.	Max.
Dependent Variables						
Left vote	ESS question B14 in 2002 and B12 in 2004-2010	121709	0.37	0.00	0.48	0.00
Left closeness	ESS question B25b in 2002 and B20b in 2004-2010	92429	0.38	0.00	0.49	0.00
Liberal vote	ESS question B14 in 2002 and B12 in 2004-2010	121709	0.12	0.00	0.33	0.00
Liberal closeness	ESS question B25b in 2002 and B20b in 2004-2010	92429	0.12	0.00	0.32	0.00
Right-wing vote	ESS question B14 in 2002 and B12 in 2004-2010	121709	0.05	0.00	0.21	0.00
Right-wing closeness	ESS question B25b in 2002 and B20b in 2004-2010	92429	0.05	0.00	0.21	0.00
Center vote	ESS question B14 in 2002 and B12 in 2004-2010	121709	0.39	0.00	0.49	0.00

Center closeness	ESS question B25b in 2002 and B20b in 2004-2010	92429	0.37	0.00	0.48	0.00
Green vote	ESS question B14 in 2002 and B12 in 2004-2010	121709	0.05	0.00	0.21	0.00
Green closeness	ESS question B25b in 2002 and B20b in 2004-2010	92429	0.06	0.00	0.24	0.00
Independent Variables						
Education years	ESS question F7 in 2002-2008 and F16 in 2010	203226	12.09	4.05	0.00	25.00
Education level	ESS question F6 in 2002-2008 and F15 in 2010	204456	1.74	0.98	0.00	3.00
Job offshorability (binary)	Blinder (2009), merged by means of ISCO-code	182069	0.38	0.49	0.00	1.00
Job offshorability (ordinal)	Blinder (2009), merged by means of ISCO-code	182069	1.76	1.06	1.00	4.00
Job offshorability (metric)	Blinder (2009), merged by means of ISCO-code	182069	22.82	31.23	0.00	100.00
Individual-Level Control Variables						
Income	ESS question F30 in 2002, F32 in 2004-2008 and F41 in 2010	149126	0.02	2.33	-8.00	9.00
Female	ESS question F2 in 2002-2010	205456	0.53	0.50	0.00	1.00
Union member	ESS question F8a in 2002-2008 and F17a in 2010	204375	0.20	0.40	0.00	1.00
Unemployed	ESS question F8a in 2002-2008 and F17a in 2010	205711	0.06	0.24	0.00	1.00
Self-employed	ESS question F12 in 2002-2008 and F21 in 2010	205711	0.11	0.31	0.00	1.00
Outsider status	ESS question F14 in 2002-2008 and F23 in 2010	205711	0.12	0.33	0.00	1.00
Age (in years)	ESS question F3 in 2002-2010	204778	46.92	18.52	12.00	123.00
Urban area	ESS question F5 in 2002-2008 and F14 in 2010	204968	0.32	0.47	0.00	1.00
Religious denomination	ESS question C10 in 2002-2004 and C18 in 2006-2010	119654	1.84	1.31	0.00	7.00
Working-age respondents	ESS question F8a in 2002-2008 and F17a in 2010	205711	0.76	0.43	0.00	1.00
Active labor market participants	ESS question F8a in 2002-2008 and F17a in 2010	205711	0.56	0.50	0.00	1.00
Country-Level Control Variables						
Effective # of parties	Bormann and Golder (2013); effective number of electoral parties (without other parties)	205711	4.13	1.69	1.98	10.07
Trade openness	Heston et al. (2012); sum of imports and exports in % of GDP	205711	99.01	41.72	48.04	274.99
Unemployment rate	OECD (2013); harmonized unemployment rate	205711	7.74	3.60	2.52	20.06

Table A3: Party Family Classification

Rommel, Walter, and Maduz classification	Code	Schmidt (2010, 2012) classification	Volkens et al. (2012) classification
Left	1	Social democratic Communist Socialist	Social democratic Communist
Liberal	2	Liberal	Liberal
Right-wing	3	Right	Nationalist
Center	4	Conservative Christian democratic Non-religious center	Conservative Christian democratic
Green	5	Green	Ecology
Other	0	Regional Agrarian Other	Ehtnic/regional Agrarian Special issue Other

Table A4: Education Level Classification

Rommel, Walter, and Maduz classification	ISCED category	Detailed ESS classification
Less than lower secondary	0 and 1	Not completed ISCED-level; ISCED 1; Vocational ISCED 2c < 2years
Lower secondary education completed	2	General/pre-vocational ISCED 2a/2b; General ISCED 2a; Vocational ISCED 2a/2b; Vocational ISCED 3c < 2 years
Upper secondary education completed and post-secondary, non-tertiary education completed	3 and 4	General ISCED 3 >= 2 years; General ISCED 3a/3b; General ISCED 3a; Vocational ISCED 3c >= 2 years; Vocational ISCED 3a/3b; Vocational ISCED 3a; General ISCED 4a/4b; General ISCED 4a; Other ISCED 4 programs; Vocational ISCED 4a/4b; Vocational ISCED 4a
Tertiary education completed	5 and 6	ISCED 5a short; ISCED 5b short; ISCED 5a medium, lower tertiary; ISCED 5a medium, upper tertiary; ISCED 5a long, lower tertiary; ISCED 5a long, upper tertiary; ISCED 6, doctoral degree

Table A5: Determinants of Party Preferences – Robustness Checks

	Left Parties			Liberal Parties		
	Last vote	Last vote	Closeness	Last vote	Last vote	Closeness
Education in years	-0.010***		-0.012***	0.019***		0.021***
	(0.00)		(0.00)	(0.00)		(0.00)
Education in levels		-0.075***			0.108***	
		(0.01)			(0.01)	
Offshorability	0.078*	0.037	0.085*	0.015	-0.046	-0.024
	(0.05)	(0.03)	(0.05)	(0.06)	(0.04)	(0.08)
Education x Offshorability	-0.008**	-0.027**	-0.008**	0.004	0.046**	0.007
	(0.00)	(0.01)	(0.00)	(0.00)	(0.02)	(0.01)
Income	-0.023***	-0.021***	-0.027***	0.035***	0.034***	0.045***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Female	0.050***	0.038***	0.054***	0.002	-0.011	-0.073***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.01)	(0.02)
Union member	0.300***	0.298***	0.367***	-0.143***	-0.134***	-0.136***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.02)
Unemployed	0.104***	0.088***	0.111***	-0.077*	-0.077**	-0.116**
	(0.03)	(0.02)	(0.03)	(0.04)	(0.03)	(0.05)
Self-employed	-0.324***	-0.308***	-0.370***	0.159***	0.155***	0.171***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)	(0.03)
Outsider	0.009	0.011	0.028	0.008	-0.008	-0.046
	(0.02)	(0.02)	(0.02)	(0.03)	(0.02)	(0.03)
Age in years	0.020***	0.018***	0.025***	-0.016***	-0.013***	-0.024***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Age squared	-0.000***	-0.000***	-0.000***	0.000***	0.000***	0.000***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Urban area	0.084***	0.090***	0.093***	0.023	0.026*	0.026
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Effective # of parties	-0.064***	-0.068***	-0.056***	0.088***	0.091***	0.161***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)
Trade openness	-0.005***	-0.005***	-0.003***	-0.017***	-0.015***	-0.018***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Unemployment rate	0.046***	0.047***	0.020***	-0.033***	-0.031***	-0.014**
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)
# of respondents	54929	64688	39003	54929	64688	39003
# of countries	25	25	25	25	25	25
R^2 (McKelvey/Zavoina)	0.107	0.114	0.078	0.105	0.092	0.118
Prob > Chi^2	0.000	0.000	0.000	0.000	0.000	0.000
BIC	67685.22	79803.47	48559.45	34888.00	40380.11	23595.12
Log likelihood	-33728.02	-39785.42	-24168.72	-17329.40	-20073.74	-11686.56

Multilevel probit estimates with standard errors in parentheses.

Levels of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

Note: In the first model the sample is restricted to active labor market participants instead of all working-age respondents. In the second model we use education levels instead of education years. In the third model the dependent variable is current closeness to a political party instead of the voting decision in the last election.

Table A5: Determinants of Party Preferences – Robustness Checks

	Center Parties			Right-Wing Parties		
	Last vote	Last vote	Closeness	Last vote	Last vote	Closeness
Education in years	-0.003		-0.007***	-0.061***		-0.069***
	(0.00)		(0.00)	(0.00)		(0.00)
Education in levels		0.031***			-0.255***	
		(0.01)			(0.02)	
Offshorability	-0.047	0.021	-0.037	0.091	0.021	-0.202**
	(0.05)	(0.03)	(0.05)	(0.09)	(0.05)	(0.10)
Education x Offshorability	0.006*	0.005	0.006	-0.012*	-0.036	0.010
	(0.00)	(0.01)	(0.00)	(0.01)	(0.03)	(0.01)
Income	0.027***	0.026***	0.037***	-0.028***	-0.027***	-0.037***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
Female	-0.045***	-0.030***	-0.045***	-0.252***	-0.226***	-0.295***
	(0.01)	(0.01)	(0.01)	(0.02)	(0.02)	(0.03)
Union member	-0.220***	-0.221***	-0.281***	-0.026	-0.050**	-0.096***
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)
Unemployed	-0.132***	-0.098***	-0.150***	0.107**	0.108***	0.068
	(0.03)	(0.02)	(0.03)	(0.05)	(0.04)	(0.05)
Self-employed	0.205***	0.193***	0.234***	-0.042	-0.059*	-0.087**
	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.04)
Outsider	-0.061***	-0.063***	-0.084***	0.005	-0.029	-0.049
	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)	(0.04)
Age in years	-0.010***	-0.010***	-0.015***	-0.009	-0.003	-0.000
	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.01)
Age squared	0.000***	0.000***	0.000***	0.000	-0.000	-0.000
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Urban area	-0.174***	-0.183***	-0.188***	-0.022	-0.054**	-0.058**
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)
Effective # of parties	-0.021	-0.019*	-0.056***	-0.004	-0.002	0.048*
	(0.01)	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)
Trade openness	0.005***	0.005***	0.003**	0.020***	0.023***	0.019***
	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Unemployment rate	-0.034***	-0.034***	-0.024***	0.067***	0.068***	0.085***
	(0.00)	(0.00)	(0.00)	(0.01)	(0.01)	(0.01)
# of respondents	54929	64688	39003	54929	64688	39003
# of countries	25	25	25	25	25	25
R^2 (McKelvey/Zavoina)	0.070	0.072	0.059	0.199	0.209	0.208
Prob > Chi^2	0.000	0.000	0.000	0.000	0.000	0.000
BIC	66453.36	78144.07	46281.37	17643.44	21049.21	11990.85
Log likelihood	-33112.09	-38955.72	-23029.69	-8707.13	-10408.29	-5884.43

Multilevel probit estimates with standard errors in parentheses.

Levels of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

Note: In the first model the sample is restricted to active labor market participants instead of all working-age respondents. In the second model we use education levels instead of education years. In the third model the dependent variable is current closeness to a political party instead of the voting decision in the last election.

Table A5: Determinants of Party Preferences – Robustness Checks

	Green Parties		
	Last vote	Last vote	Closeness
Education in years	0.066***		0.070***
	(0.00)		(0.00)
Education in levels		0.279***	
		(0.02)	
Offshorability	0.085	0.040	0.135
	(0.08)	(0.06)	(0.09)
Education x Offshorability	-0.009	-0.039	-0.012**
	(0.01)	(0.03)	(0.01)
Income	-0.037***	-0.038***	-0.044***
	(0.00)	(0.00)	(0.01)
Female	0.220***	0.201***	0.301***
	(0.02)	(0.02)	(0.02)
Union member	0.034	0.025	-0.010
	(0.02)	(0.02)	(0.03)
Unemployed	-0.029	-0.016	0.027
	(0.05)	(0.04)	(0.05)
Self-employed	-0.015	0.005	0.048
	(0.03)	(0.03)	(0.03)
Outsider	0.119***	0.161***	0.179***
	(0.03)	(0.03)	(0.03)
Age in years	0.020***	0.011**	0.019***
	(0.01)	(0.01)	(0.01)
Age squared	-0.000***	-0.000***	-0.000***
	(0.00)	(0.00)	(0.00)
Urban area	0.249***	0.265***	0.217***
	(0.02)	(0.02)	(0.02)
Effective # of parties	0.042	0.058**	0.053*
	(0.03)	(0.03)	(0.03)
Trade openness	0.007***	0.006**	0.010***
	(0.00)	(0.00)	(0.00)
Unemployment rate	-0.021**	-0.013	-0.021**
	(0.01)	(0.01)	(0.01)
# of respondents	54929	64688	39003
# of countries	25	25	25
R^2 (McKelvey/Zavoina)	0.092	0.083	0.126
Prob > Chi^2	0.000	0.000	0.000
BIC	21101.56	25102.73	17747.90
Log likelihood	-10436.19	-12435.05	-8762.95

Multilevel probit estimates with standard errors in parentheses.
Levels of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.
Note: In the first model the sample is restricted to active labor market participants instead of all working-age respondents. In the second model we use education levels instead of education years. In the third model the dependent variable is current closeness to a political party instead of the voting decision in the last election.

Table A6: Determinants of Party Preferences – Multinomial Model

	Left	Liberal	Center	Right-Wing	Green
Education in years		0.037***	0.005	-0.115***	0.123***
		(0.01)	(0.01)	(0.02)	(0.02)
Offshorability		-0.218	-0.160	-0.225	-0.147
		(0.15)	(0.12)	(0.14)	(0.17)
Education x Offshorability		0.024**	0.016*	0.010	0.007
		(0.01)	(0.01)	(0.01)	(0.01)
Income		0.086***	0.060***	-0.018	-0.031***
		(0.02)	(0.01)	(0.02)	(0.01)
Female		-0.049	-0.061*	-0.480***	0.359***
		(0.07)	(0.03)	(0.06)	(0.04)
Union member		-0.503***	-0.533***	-0.380***	-0.260***
		(0.07)	(0.07)	(0.12)	(0.09)
Unemployed		-0.226**	-0.200***	0.119	-0.101
		(0.09)	(0.07)	(0.12)	(0.11)
Self-employed	Baseline category	0.588***	0.529***	0.221**	0.372***
		(0.11)	(0.09)	(0.11)	(0.09)
Outsider		-0.048	-0.081*	-0.101**	0.183**
		(0.05)	(0.05)	(0.05)	(0.08)
Age in years		-0.046***	-0.031***	-0.062***	-0.024*
		(0.01)	(0.01)	(0.02)	(0.01)
Age squared		0.000***	0.000***	0.000*	0.000
		(0.00)	(0.00)	(0.00)	(0.00)
Urban area		**-0.033**	-0.275***	-0.186***	0.337***
		(0.08)	(0.08)	(0.07)	(0.07)
Effective # of parties		0.212	0.060	0.009	0.125
		(0.14)	(0.09)	(0.25)	(0.15)
Trade openness		-0.033***	0.011**	0.018	-0.017**
		(0.01)	(0.00)	(0.01)	(0.01)
Unemployment rate		-0.109**	-0.089**	0.047	-0.093*
		(0.05)	(0.04)	(0.06)	(0.06)
# of respondents	62978				
# of countries	25				
BIC	141861.15				
Log likelihood	-70792.44				

Multinomial logit estimates with standard errors in parentheses.

Levels of statistical significance: * p≤0.10; ** p≤0.05; *** p≤0.01.

Figure A1: Distribution of Partisan Preferences by Country

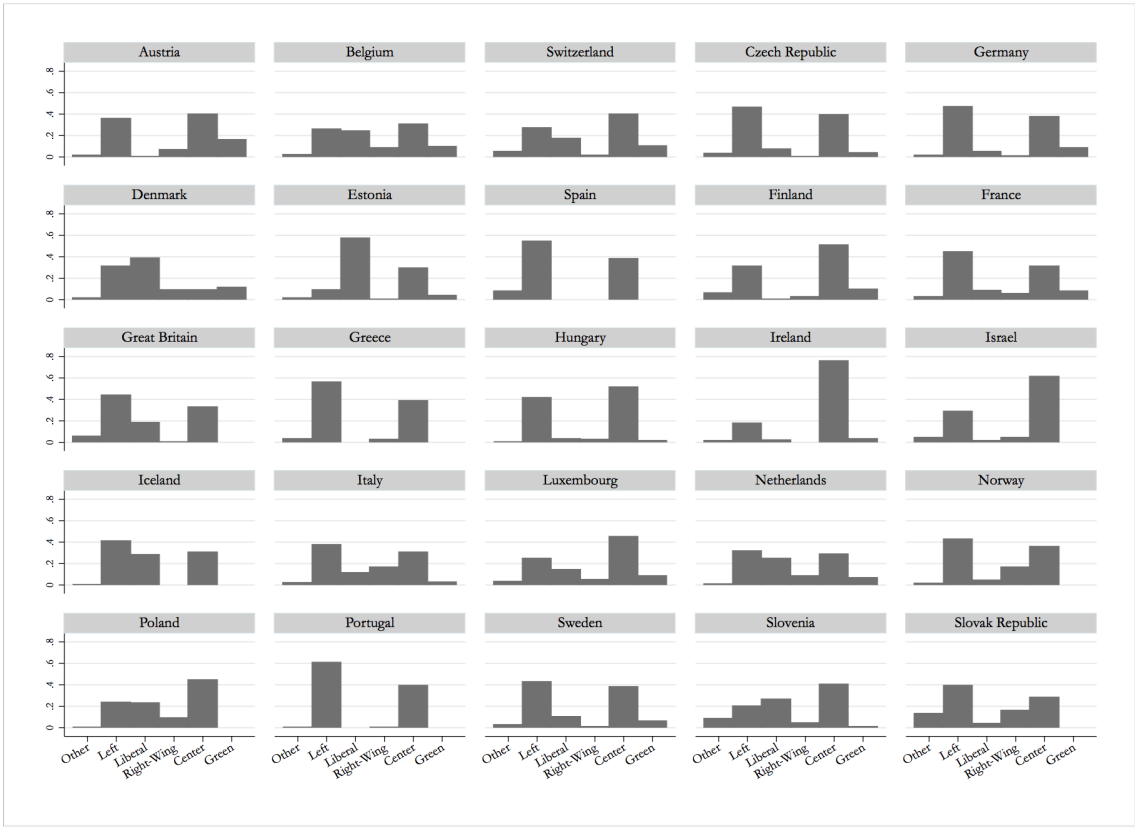


Figure A2: Distribution of Offshorability by Country

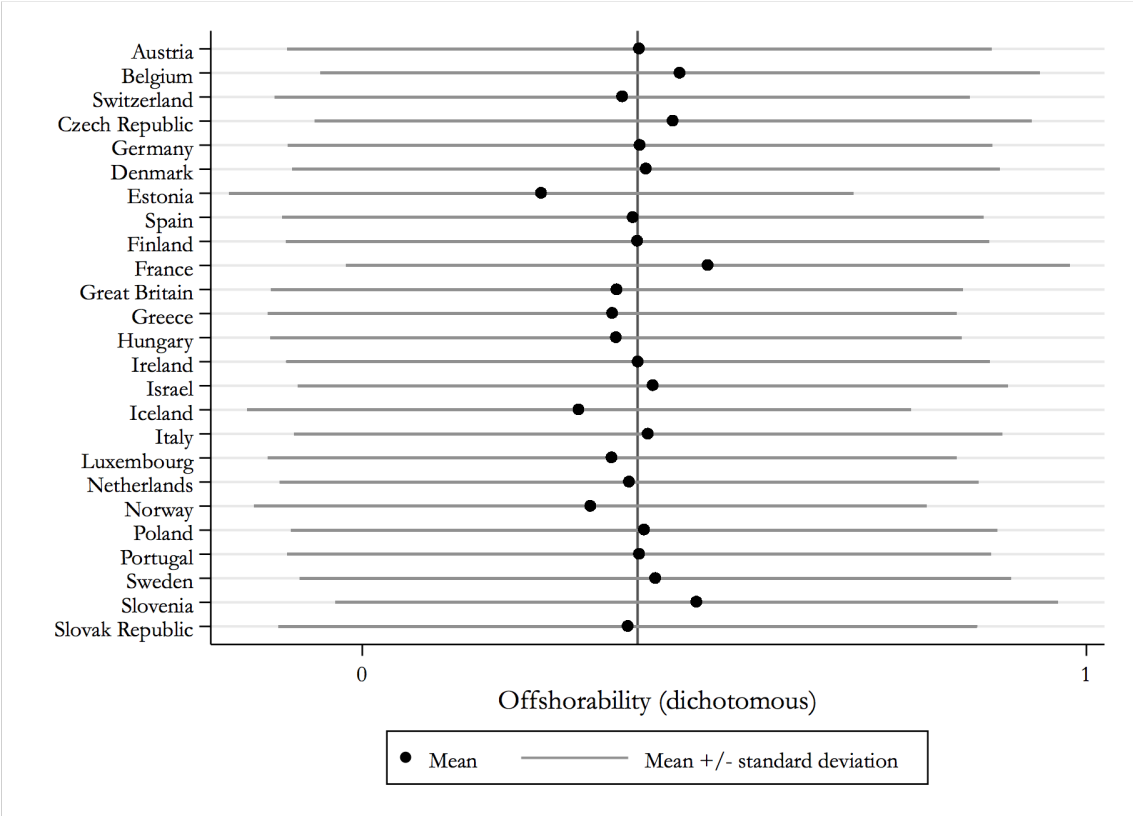


Figure A3: Distribution of Education Years by Country

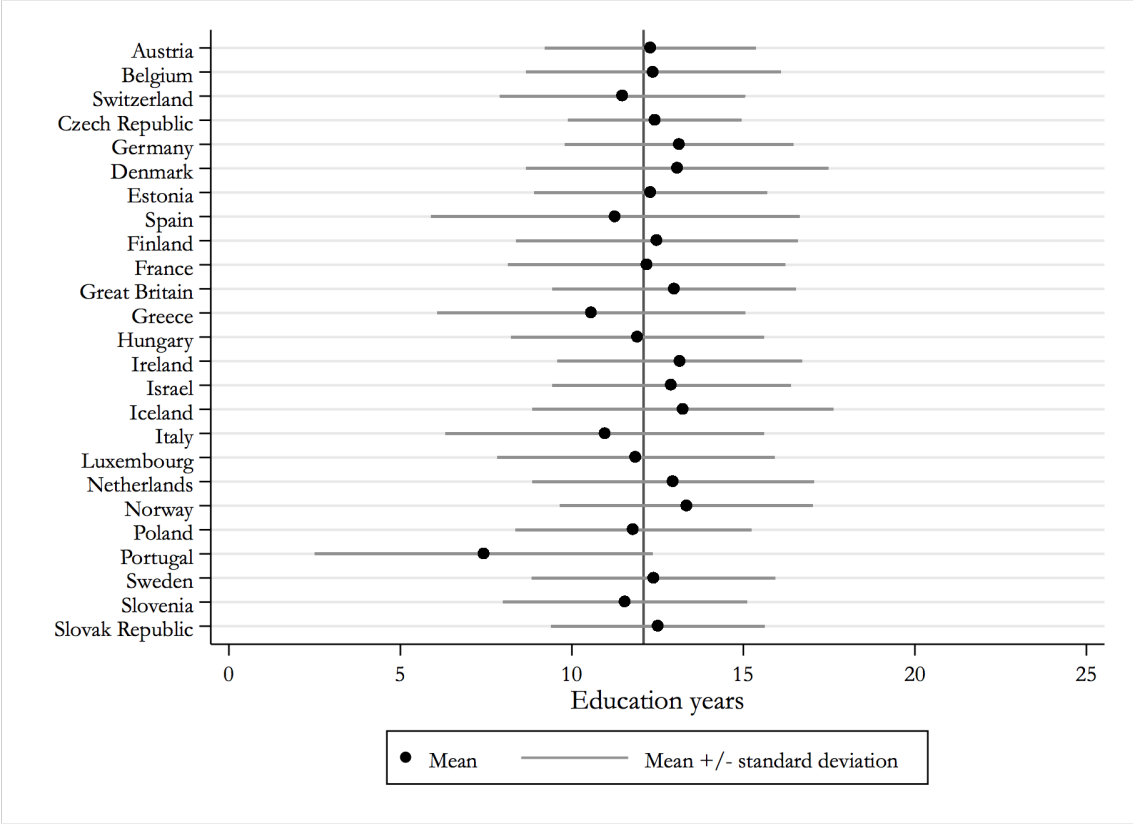
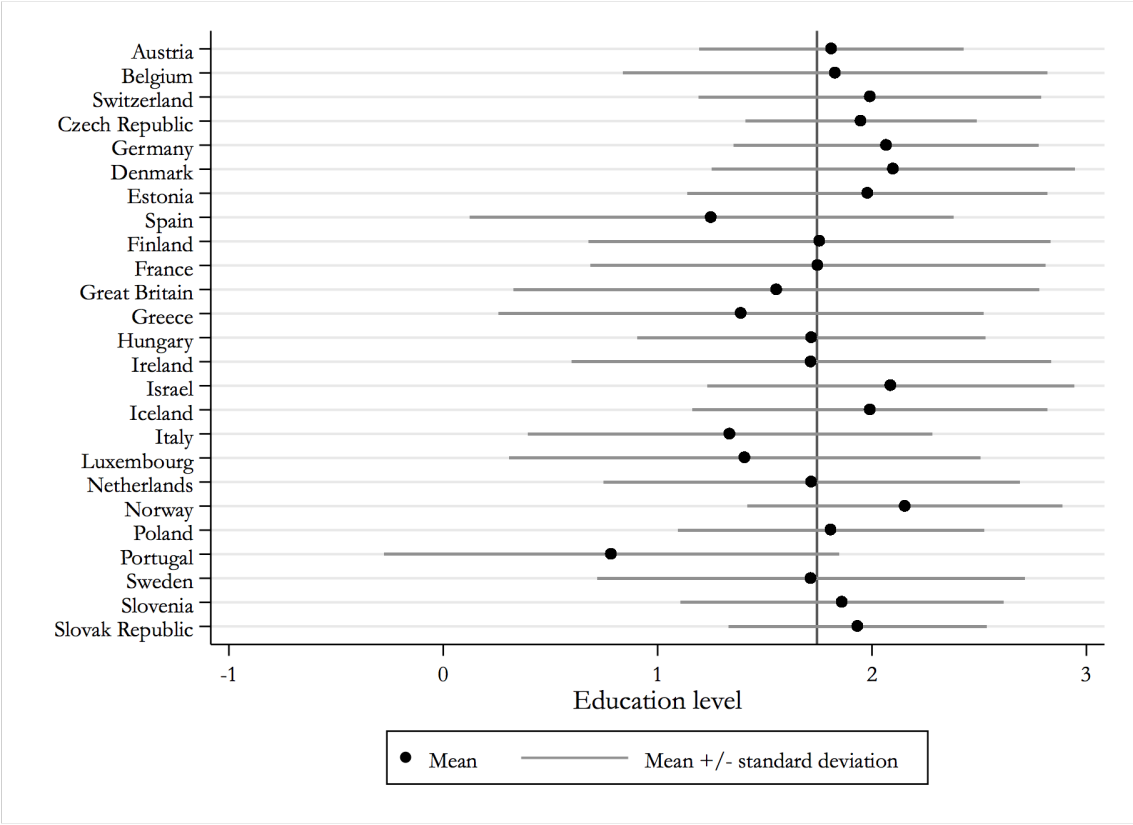


Figure A4: Distribution of Education Levels by Country



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